

SUITS TO CAREERS, INC.
FINANCIAL REPORT
DECEMBER 31, 2016

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Suits to Careers, Inc.
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Suits to Careers, Inc., which comprise the statements of assets, liabilities and net assets - modified cash basis, as of December 31, 2016 and 2015, and the related statements of revenues, expenses and changes in net assets - modified cash basis and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

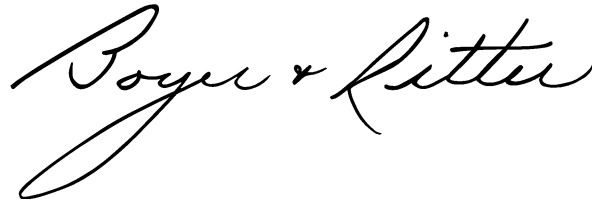
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the assets, liabilities and net assets arising from cash transactions of Suits to Careers, Inc., as of December 31, 2016 and 2015, and its revenues, expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
April 27, 2017

SUITS TO CAREERS, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash	\$ 17,684	\$ 135,665
Inventories:		
Dress for Success South Central PA	134,657	148,043
Dress for Success Worldwide	633,495	1,049,811
Tied to Success	27,044	27,241
Prepaid expenses and other assets	-	1,700
Total current assets	812,880	1,362,460
Fixed Assets		
Equipment	122,636	127,056
Less accumulated depreciation	(84,294)	(75,336)
	38,342	51,720
Total assets	\$ 851,222	\$ 1,414,180
LIABILITIES AND NET ASSETS		
Current Liabilities		
Undistributed inventory - Worldwide	\$ 633,495	\$ 1,049,811
Line-of-credit	18,000	-
Total liabilities - all current	651,495	1,049,811
Net Assets		
Unrestricted	199,727	314,369
Temporarily restricted	-	50,000
Total net assets	199,727	364,369
Total liabilities and net assets	\$ 851,222	\$ 1,414,180

See Notes to Financial Statements.

SUITS TO CAREERS, INC.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS**

Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted Net Assets		
Individual and corporate contributions	\$ 42,189	\$ 65,093
In-kind contributions	311,174	256,321
Government grants	219,627	182,126
Special events - net	64,613	94,958
Interest income	120	102
Miscellaneous income	29,321	25,877
Total revenues and support	667,044	624,477
Expenses		
Program services	707,647	556,039
Management and general	123,554	115,133
Fundraising	485	219
Total expenses	831,686	671,391
Deficiency of revenue over expenses	(164,642)	(46,914)
Net Assets Released from Restrictions	50,000	-
Changes in unrestricted net assets	(114,642)	(46,914)
Changes in Temporarily Restricted Net Assets		
Contributions	-	50,000
Net assets released from restrictions	(50,000)	-
Changes in temporarily restricted net assets	(50,000)	50,000
Changes in net assets	(164,642)	3,086
Net Assets:		
Beginning	364,369	361,283
Ending	\$ 199,727	\$ 364,369

See Notes to Financial Statements.

SUITS TO CAREERS, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Changes in net assets	\$ (164,642)	\$ 3,086
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	13,378	14,195
Contributed fixed assets	-	(1,740)
Donations of inventory - net change	20,606	(3,660)
Changes in assets and liabilities:		
(Increase) decrease in:		
Inventories	(7,023)	(3,374)
Prepaid expenses and other assets	1,700	-
(Decrease) increase in:		
Deferred revenues	-	(19,600)
Net cash used in operating activities	(135,981)	(11,093)
Cash Flows From Investing Activities		
Purchase of equipment	-	(5,594)
Cash Flows From Financing Activities		
Borrowings on line-of-credit	18,000	-
Net decrease in cash and cash equivalents	(117,981)	(16,687)
Cash and Cash Equivalents:		
Beginning	135,665	152,352
Ending	\$ 17,684	\$ 135,665
Supplemental Disclosure of Cash Flow Information:		
Donated inventory-net change	\$ (20,606)	\$ 3,660
Contributed fixed assets	\$ -	\$ 1,740

See Notes to Financial Statements.

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activity: Suits to Careers, Inc. (Organization) d/b/a Dress for Success South Central PA, Inc., and d/b/a Tied to Success, is an umbrella not-for-profit organization incorporated in Harrisburg, Pennsylvania in 2014. The mission of the organization is to positively impact lives by helping people achieve their dreams. Prior to May 2014, the Organization was incorporated during July 2006, as Dress for Success South Central PA, Inc. Dress for Success South Central PA, Inc., was formed to promote the economic independence of disadvantaged women by providing professional attire, a network of support and the career development tools to help women thrive in work and in life. The Organization was specifically a women's focused mission under the trademark and license of Dress for Success Worldwide. Tied to Success was formed to provide the necessary support and professional attire for men transitioning from poverty to employment in the process of becoming contributing members of the community. Support for the Organization is derived primarily from state grants and donations, both corporate and individual.

Basis of Accounting and Presentation: The Organization's policy is to prepare its financial statements on the modified cash basis method of accounting. Under this basis, revenues are recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred.

Consequently, accounts receivable, accounts payable and accrued expenses are not included in the financial statements. The following items are treated as modifications within these financial statements.

- Inventory is held in reserve on hand until it can be used by the Organization, at which time it will be expensed.
- If an expense results in the acquisition of an asset having an estimated useful life that extends beyond one year, the expense is capitalized and depreciated over the estimated useful life of the asset (e.g. equipment and related depreciation expense).

Use of Estimates: The preparation of financial statements in conformity with modified cash basis of method of accounting requires the use of estimates based upon management's knowledge and expertise. Due to their prospective nature, actual results could differ from those estimates.

Revenues and Expenses and Net Assets: Revenues and expenses and net assets are classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted - Net Assets whose use by the organization is subject to donor-imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted - Net Assets subject to donor-imposed stipulations that they may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on these assets.

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Concentration of Credit Risk: The Organization maintains its cash balance with two financial institutions. The balance is insured by the Federal Deposit Insurance Corporation. Management believes the financial risk associated with the depository relationship is minimal.

Equipment: Equipment having a useful life of one year or more is capitalized. Equipment purchased by the Organization is stated at cost. Equipment donated to the Organization is stated at fair value at the date of receipt. Depreciation is provided on the straight-line method over the estimated useful lives of the various assets.

Inventory: The Organization maintains inventory of donated women's and men's suits, shoes, and apparel accessories. The inventory includes donations received from 1) Dress for Success Worldwide (Worldwide) and 2) all other local contributors. Inventory received from Worldwide, is distributed by the Organization on behalf of Dress for Success Worldwide. Worldwide donations are restricted, such that they may only be given away or donated free of charge. In the event that the Organization ceases operations, all worldwide donated inventory on-hand must be returned to Dress for Success Worldwide. Worldwide inventory is valued by Worldwide, while all other donated and purchased inventory is valued at fair market value based on consignment shop prices (e.g. the estimated fair value an unaffiliated purchaser would pay in an arms' length transaction). Purchased inventory is expensed when purchased.

Income Taxes: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations.

Management has assessed the Organization's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously-filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of its exempt organization status and the prospect of being subject to the filing requirement for unrelated business income. Presently, management believes that it is more likely than not that the Organization's tax position will be sustained upon examination, including any appeals and litigation, such that the Organization has no exposure to income tax liabilities arising from uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 27, 2017, the date the financial statements were available to be issued.

Subsequent to year-end, the Organization decided to close its York location branch office and expand on their mobile services.

Additionally, as described in Note 7, the Organization was notified that a lawsuit was filed with by a former employee.

Management is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Line-of-Credit

In 2016, the Organization established a line-of-credit for \$75,000. Interest is payable monthly and bears interest at a rate of 2.0% above one-month Prime rate, adjusting monthly. The interest rate as of December 31, 2016 was 5.5%. The credit line is collateralized by inventory and equipment. The balance due as of December 31, 2016 was \$18,000. No interest was paid during the year ended December 31, 2016.

Note 3. Temporarily Restricted Net Assets

In 2015, the Organization received contributions for its Tied to Success program of \$50,000. The restrictions were fully satisfied in 2016.

Note 4. Special Events - Net

The following schedule summarizes gross revenues and direct costs pertaining to special events conducted during the year ended December 31, 2016:

	2016		
	Gross Revenues	Direct Costs	Net Revenue
Annual Gala	\$ 97,158	\$ 37,009	\$ 60,149
Harrisburg Annual Event	4,194	1,498	2,696
York Annual Event	3,205	1,614	1,591
Other events	329	152	177
	<u>\$ 104,886</u>	<u>\$ 40,273</u>	<u>\$ 64,613</u>

The following schedule summarizes gross revenues and direct costs pertaining to special events conducted during the year ended December 31, 2015:

	2015		
	Gross Revenues	Direct Costs	Net Revenue
Annual Gala	\$ 82,952	\$ 20,940	\$ 62,012
Harrisburg Annual Event	8,155	1,637	6,518
York Annual Event	8,130	1,397	6,733
Lebanon Annual Event	4,575	1,038	3,537
The Power Walk	18,249	2,163	16,086
Other events	1,599	1,527	72
	<u>\$ 123,660</u>	<u>\$ 28,702</u>	<u>\$ 94,958</u>

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Commitments

Suits to Careers, Inc., leases office space for their Harrisburg and York locations. In December 2016, the Organization chose its option to renew its lease for the Harrisburg location for an additional two years. The Organization was renting its York location on a month-to-month lease. The lease has been terminated in February 2017. In June 2016, the Organization terminated the lease of its Lebanon location as well.

In June 2016, Suits to Careers, Inc., entered into a copier lease agreement. The lease ends in July 2021, and has a monthly cost of approximately \$108.

Future minimum lease payments, for non-cancellable operating leases with remaining terms in excess of one year, are as follows for the year ending December 31:

Year	Amount
2017	\$ 33,696
2018	33,696
2019	1,296
2020	1,296
2021	648
	<u>\$ 70,632</u>

Total rent expense for the years ended December 31, 2016 and 2015, amounted to \$54,129 and \$44,317, respectively.

Note 6. Operations

The continuation of the Organization's operations is usually assumed in financial accounting in the absence of evidence to the contrary. However, an Organization which depends on support from agencies of the government is always subject to legislative action which could significantly affect the amount of support it receives.

Note 7. Contingencies

Subsequent to year-end, a former employee filed a lawsuit for compensation and damages for wrongful termination. The Organization has contacted their insurance company and will dispute this claim. Management, based on consultation with its legal counsel, believes that the ultimate settlement of claims for this loss will not exceed its insurance coverage and will not have a material adverse effect on the financial condition or results of operations of the Organization.

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 8. Functional Allocation of Expenses

The costs of program and supporting services have been allocated as shown below for the year ended December 31, 2016:

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 254,591	\$ 52,094	\$ -	\$ 306,685
Payroll taxes	23,187	4,749	-	27,936
Contracted services	29,533	9,844	-	39,377
Donated services	35,520	11,840	-	47,360
In-kind inventory donations	263,637	-	-	263,637
Donated rental space and materials	11,008	2,752	-	13,760
Occupancy	42,612	10,653	-	53,265
Equipment	1,160	-	-	1,160
Advertising	3,438	-	-	3,438
Supplies	2,075	1,605	-	3,680
Postage	353	177	177	707
Telecommunications	5,663	1,887	-	7,550
Clothing purchase	7,023	-	-	7,023
Travel	4,344	-	-	4,344
Conferences and meetings	3,642	911	-	4,553
Processing fees	4,314	1,438	-	5,752
Insurance	13,541	4,513	-	18,054
Dues and subscriptions	-	1,454	-	1,454
Depreciation	-	13,378	-	13,378
Utilities	-	1,438	-	1,438
Maintenance	-	4,108	-	4,108
Printing	792	309	308	1,409
Other	1,214	404	-	1,618
	<u>\$ 707,647</u>	<u>\$ 123,554</u>	<u>\$ 485</u>	<u>\$ 831,686</u>

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 8. Functional Allocation of Expenses (Continued)

The costs of program and supporting services have been allocated as shown below for the year ended December 31, 2015:

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 210,915	\$ 43,200	\$ -	\$ 254,115
Payroll taxes	19,301	3,953	-	23,254
Contracted services	21,668	7,222	-	28,890
Donated services	51,245	17,082	-	68,327
In-kind inventory donations	165,545	-	-	165,545
Donated rental space and materials	10,940	2,735	-	13,675
Occupancy	33,887	8,472	-	42,359
Equipment	851	-	-	851
Advertising	1,909	-	-	1,909
Supplies	5,310	1,235	-	6,545
Postage	282	141	141	564
Telecommunications	6,354	2,118	-	8,472
Clothing purchase	3,374	-	-	3,374
Travel	3,499	-	-	3,499
Conferences and meetings	1,996	499	-	2,495
Processing fees	2,795	932	-	3,727
Insurance	9,870	3,290	-	13,160
Dues and subscriptions	-	1,614	-	1,614
Depreciation	-	14,195	-	14,195
Utilities	-	3,188	-	3,188
Maintenance	-	5,064	-	5,064
Printing	3,541	79	78	3,698
Other	2,757	114	-	2,871
	<u>\$ 556,039</u>	<u>\$ 115,133</u>	<u>\$ 219</u>	<u>\$ 671,391</u>

SUITS TO CAREERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9. Donated Services, Inventory, Materials and Facilities

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. In-kind contributions included in total public support consist of the following at fair market value at the date of donation:

	2016	2015
Donated services	\$ 47,360	\$ 68,327
Donated inventory and storage materials	250,054	172,579
Donated space and supplies	13,760	15,415
	<u>\$ 311,174</u>	<u>\$ 256,321</u>

Additionally, the Organization receives a significant amount of skilled, contribution time, which does not meet the two recognition criteria above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. Approximately 11,420 and 10,333 hours of time were provided by volunteers supporting program services and fundraising for the years ended December 31, 2016 and 2015, respectively. Although not included in the financial statements, this volunteer time is a significant and a necessary resource of the organization's day to day operations and fundraising efforts. The organization is designed to have a skeletal staff with volunteers performing day to day operations especially the direct contact with the clients for professional development and soft skill training. Volunteers are essential to the operational capability to produce outcomes to meet the requirements of our grants and funders. If these professional skills would not be donated it would be necessary to have additional paid staff to fulfill the duties of the volunteers. Their duties vary from professional consultant for interview preparation, soft skill trainer, mock interviewer, resume reviewer and professional consultant about the appropriate attire. Our Professional Women's Group (PWG) & Going Places Network (GPN) are managed by volunteer support. There is also a smaller category of volunteers that help with fundraising. The value of donated volunteer hours amounted to \$269,055 and \$238,382 for the years ended December 31, 2016 and 2015, respectively. The value of volunteer hours was \$23.56 and \$23.07 per hour for the years ended December 31, 2016 and 2015, respectively, which is determined based on the Independent Sector's State value of volunteer hours.

In addition, the Organization routinely receives materials consisting equipment and other program supplies. Since a majority of these materials are passed directly to program beneficiaries and the estimated values are not objective, no amounts have been recorded in the accompanying financial statements.